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FM AMEMBASSY TOKYO

TO RUEHC/SECSTATE WASHDC PRIORITY 8992

INFO RUEHB/AMEMBASSY BEIJING PRIORITY 2827

RUEHFR/AMEMBASSY PARIS PRIORITY 6605

RUEHUL/AMEMBASSY SEOUL PRIORITY 9499

RUEHFK/AMCONSUL FUKUOKA PRIORITY 8523

RUEHHK/AMCONSUL HONG KONG PRIORITY 6899

RUEHNAG/AMCONSUL NAGOYA PRIORITY 5596

RUEHNH/AMCONSUL NAHA PRIORITY 0864

RUEHOK/AMCONSUL OSAKA KOBE PRIORITY 2339

RUEHKSO/AMCONSUL SAPPORO PRIORITY 9019

RUEHGH/AMCONSUL SHANGHAI PRIORITY 0648

RUEHIN/AIT TAIPEI PRIORITY 7556

RUCPDOC/DEPT OF COMMERCE WASHINGTON DC PRIORITY

RHEHAAA/NSC WASHDC PRIORITY

RUEATRS/TREASURY DEPT WASHDC PRIORITY

RUEHBS/USEU BRUSSELS PRIORITY

UNCLAS SECTION 01 OF 02 TOKYO 000170

SENSITIVE

SIPDIS

STATE FOR E, EEB AND EAP/J

NSC FOR LOI, RUSSELL

USTR FOR AUSTR CUTLER, BEEMAN, LEE, AND HOLLOWAY

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [PGOV](#) [JA](#)

SUBJECT: POSTAL REFORM: MIC MINISTER HARAGUCHI WELCOMES OPPORTUNITY TO HEAR U.S. INDUSTRY VIEWS

REF: A. 09STATE 129118

[JB](#). 09TOKYO 2921

SENSITIVE BUT UNCLASSIFIED. CONTAINS BUSINESS SENSITIVE INFORMATION.

¶1. (SBU) SUMMARY: Minister for Internal Affairs and Communications (MIC) Kazuhiro Haraguchi said he was aware of USG and industry concerns regarding postal reform in response to DCM's delivery of RefA points on January 27. Minister Haraguchi also offered to meet with U.S. industry representatives to hear their views. He cautioned, however, that the government's goal is to make the postal system work for all Japanese citizens, in particular the rural elderly, and therefore he is unable to guarantee the outcome of postal reform will satisfy everyone completely. END SUMMARY.

¶2. (SBU) The DCM delivered points in reftel to MIC Minister Kazuhiro Haraguchi on January 27. Also present at the meeting were Senior Vice Minister Masamitsu Naito and Parliamentary Secretary Kensei Hasegawa. Both Haraguchi and Naito are from the majority Democratic Party of Japan, while Hasegawa hails from the minor coalition partner People's New Party (PNP), which was founded to oppose the postal reforms of the Koizumi Administration. All three MIC officials were open and friendly, and appeared well-briefed on the issue.

¶3. (SBU) The DCM emphasized the need for a level playing field and asked that USG and U.S. industry views be given a fair hearing as the GOJ goes forward with its review of postal services and crafts the legislation to enact reform. The DCM also presented Haraguchi with a copy of the USG comment submitted to the Postal Reform Promotion Office on January 20 as part of its solicitation of views. Haraguchi appeared to have seen the USG comments already. Naito also mentioned being aware of American Chamber of Commerce in Japan (ACCJ) views.

¶4. (SBU) Haraguchi assured the DCM postal services would not be re-nationalized. He claimed that even Postal Reform Minister Shizuka Kamei of the PNP agrees on this point. The

goal, said Haraguchi, is to improve social protection by improving postal services, especially for the elderly in rural areas who do not have easy access to private financial service providers. Naito said the Koizumi-Takenaka reforms of postal services had disregarded completely the concerns of rural inhabitants. Haraguchi added that Japan Post Group companies have been losing a lot of money for a long time, and something must be done to halt losses. He further emphasized the need to improve the corporate governance of Japan Post Group companies.

¶15. (SBU) Haraguchi noted the bill to reform postal services is still being worked on and probably will not be ready for another three weeks or so. It has been delayed because of other government business. Legislators are still considering many questions, such as how much stock the government should hold in the Japan Post Group companies. Going forward, Haraguchi said they would look at creative ways for postal companies to partner with private sector companies. In this regard, Hasegawa pointed out that Aflac insurance products are distributed via some post offices.

¶16. (SBU) Haraguchi acknowledged the importance of working with private industry to ensure "an equal footing." In that regard, he said he welcomes the opportunity to meet with representatives from the ACCJ to hear their views. (NOTE: Minister Kamei plans to meet ACCJ representatives on January ¶29. END NOTE.) Haraguchi closed by saying that although he can not guarantee everyone will be completely satisfied with decisions made regarding postal reform, he wants to conduct

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an open and transparent process.

¶17. (SBU) COMMENT: Econoff has conveyed to ACCJ representatives Haraguchi's interest in hearing their views. Embassy Tokyo continues to raise level playing field and transparency points related to postal reform with GOJ at every opportunity. The press has begun carrying more stories and comments from Japanese industry groups opposing the lifting of deposit and insurance caps for Japan Post Bank and Japan Post Insurance (issues we and U.S. industry continue to raise with the GOJ) as well as statements emphasizing the importance of a level playing field. END COMMENT.
ROOS